

Message Text

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70

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 IGA-02 L-03 H-03 SAM-01

TRSE-00 CIEP-02 STR-08 OPIC-12 COME-00 TAR-02 CIAE-00

INR-10 NSAE-00 RSC-01 CEA-02 AID-20 DRC-01 /097 W

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R 150300Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9994

UNCLAS TOKYO 2071

PASS EXIM BANK FOR WARREN GLICK

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: REPORT TO CONGRESS ON EXPORT CREDIT COMPETITION

REF: GLICK LETTER TO ESCOUBE JANUARY 18, 1974

SUMMARY: AS REQUESTED IN REF LETTER, EMBASSY HAS REVIEWED WITH MITI AND JAPANESE EXIM BANK OFFICIALS CHANGES IN THEIR OPERATIONS DURING PERIOD JULY - DECEMBER 1973. END SUMMARY

1. ON FEBRUARY 5 EMBOFF MET YAMASHITA (DEPUTY DIRECTOR) AND TAKAHASHI OF EXPORT INSURANCE DIVISION (EID) OF MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) AND REVIEWED ITEMS UNDER QTE INSURANCE AND GUARANTEES

UNQTE SECTION OF GLICK LETTER. ACCORDING MITI REPS, ONLY CHANGE HAS BEEN RE QTE TRANSACTIONS ELIGIBLE FOR COVER UNQTE. FORMERLY, EID/MITI COVER WAS LIMITED TO TRANSACTIONS INVOLVING JAPANESE ELEMENT (OF GOODS

AND SERVICES) GREATER THAN ONE-HALF TOTAL TRANSACTION. EID/MITI COULD NOT COVER TRANSACTIONS WITH FOREIGN ELEMENT GREATER THAN ONE-HALF. NOW,

IF JAPANESE ELEMENT LESS THAN ONE-HALF, EID/MITI CAN EXTEND PARTIAL COVER FOR ONLY JAPANESE ELEMENT OF TRANSACTION.

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2. ON FEBRUARY 13 EMBOFF MET MATSUMOTO, ASSISTANT ADMINISTRATION DEPARTMENT, JAPANESE EXIM BANK, TO REVIEW ITEMS UNDER QTE CREDITS TO SUPPLIERS AND BUYERS UNQTE. ACCORDING MATSUMOTO, ONLY CHANGE HAS BEEN UNDER QTE INTEREST RATES AND OTHER COSTS OF FINANCIAL PACKAGES UNQTE. IN NOVEMBER 1973 RANGES OF INTEREST RATES CHARGED BY JAPANESE EXIM FOR

EXPORT, IMPORT, AND INVESTMENT CREDITS WERE ALL RAISED BY 0.25 PERCENT,

NEW RANGES THUS AS FOLLOWS: IMPORT CREDITS - 4.75-7.75 PERCENT; IMPORT

CREDITS - 4.25-7.25 PERCENT; INVESTMENT CREDITS - 4.25-7.25 PERCENT.

LOCAL BANKER TOLD FINATT SAME DAY THAT INTEREST CHARGED BY JAPANESE COMMERCIAL BANKS FOR DOLLAR DENOMINATED EXPORT AND IMPORT CREDITS NOW IN 8.5-10.5 RANGE.

3. RE QTE REFINANCING UNQTE SECTION GLICK LETTER, BANK OF JAPAN HAS NOT RPT NOT REINSTITUTED PREFERENTIAL DISCOUNT RATE FOR EXPORT PAPER DISCONTINUED IN 1972.

4. EMBASSY REQUESTS TWO COPIES OF NEW EXIM REPORT FOLLOWING ITS PUBLICATION; ONE FOR OUR REFERENCE AND USE IN NEXT UPDATE, AND ONE FOR MITI REPS, WHO REQUESTED A COPY DURING FEBRUARY 5 CONVERSATION. SHOESMITH

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NNN

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